

**Dr. Donald Elliot King** of Ann Arbor, Michigan, has recently been appointed to the division of orthopedics, department of surgery, of the Stanford University School of Medicine, to replace Dr. Leonard W. Ely, who retires from the faculty at the end of the present academic year.

Doctor King received his A. B. degree in 1923 and his M. D. degree in 1927 from Stanford University. He has been a member of the staff of orthopedic surgery at the University of Michigan since 1928.

**How the Doctors Help.**—Under the above caption the following editorial was printed in the Los Angeles *Evening Herald-Express* of March 15:

"If the average citizen could have sat in with the sectional meeting of the American College of Surgeons, which has just closed a two-day conference in Los Angeles, he (or she) would have gained a profound respect for the men who are seeking, by their lives of study and practice, to help maintain the health of the nation.

"Nearly fifteen hundred surgeons attended the various sessions, and many nationally known scientists addressed them on numerous subjects, all relating to the task of keeping the American people fit.

"Dr. George Crile of Cleveland, Ohio, internationally famed in his profession, revealed that 'among the great achievements of the century has been the discovery of the cause of typhoid fever, of infantile paralysis, of puerperal fever, of yellow fever, and of tuberculosis.' In addition, 'surgery and orthopedics have conquered most of the deformities of children.'

"The meeting in the Shrine Auditorium last night afforded an opportunity to a goodly number of men and women to learn something about medical and surgical science, but naturally that audience was small when compared with the city's population.

"The physician, whether family doctor or noted specialist, deserves the respect and gratitude of every living human being. He never falters in his task, and we who benefit by his labors should be prompt to grant him not only just remuneration for specific work, but love and gratitude for his lifelong devotion to the healing profession."

#### Clippings from the Daily Press:

**Pigs to Be Used in Death Tests.**—Pigs, and not dogs, will be the subjects in future experiments of Dr. Robert Cornish to restore life after death.

Doctor Cornish, University of California anatomist, who has succeeded in restoring respiration and circulation for a few hours to two dogs pronounced dead, explained today that dogs have too many friends.

"Hogs more nearly resemble humans in their digestive and circulatory systems and have fewer friends than dogs," he said.

"We will use pigs—they seem friendless.

"The public does not understand that our method of killing dogs for experimentation is no different from that practiced every day in the city pound. We do not believe there will be any protest against experimenting on hogs."

**"Court Orders Sterilization.**—Sterilization of seventy persons suffering from hereditary diseases was ordered by the new district eugenics court in Hamburg, Germany, on March 13.

"The report said the majority of persons to undergo the operations are doing so at their own request."

**"Chicago Amebiasis.**—A suit for \$600,000 damages, an outgrowth of the epidemic of amebic dysentery during the World's Fair last summer, has been filed against Dr. Herman Bundesen, City Health Commissioner, and the Congress Hotel, according to an Associated Press dispatch.

"Although the outbreak reportedly was under investigation early in the summer, it did not become public knowledge until November 9, the last week of the exposition."

## CORRESPONDENCE

**Subject of following letter: Names and addresses of "identical twins" requested.**

Berkeley, California,

February 10, 1934.

*To the Editor:*—Human heredity is in many ways of great importance for human welfare, and one way in which it may be most advantageously studied is through the investigation of twins.

There are, as you know, two distinct classes of twins. In one type, called fraternal twins, each individual has developed from a different egg, and such twins do not resemble each other more closely than brothers and sisters usually do. They may or may not be of the same sex. In the other type, known as identical twins, both individuals develop from a single egg. They are, therefore, always of the same sex, strikingly alike in appearance, eye color, hair color, body configurations, and many other traits.

Any pair of identical twins has a common organic inheritance, and this condition is attested by their close resemblance. Their differences must be due to environment. Hence they afford an unusual opportunity for distinguishing those traits handed on through the germ from those produced by the surroundings.

We are especially desirous of obtaining data on tuberculosis and cancer because of the importance of knowledge of the possible rôle of heredity in these diseases. We should like also to obtain any data on insanity or other nervous disorders or defects in identical twins, or in fact any peculiar pathological conditions which may occur in twins of this type.

If in your practice you may have come in touch with pairs of adult like-sexed twins whom you think may be identical, and can give us their names and addresses, it will be of great assistance. Other points of interest and suggestions for widening the scope of this study will be appreciated. Its success demands a mass of evidence and careful detail.

Any information which we receive either from you or the twins in question, will be used only in the presentation of mass statistics. Names are for my own use only, in order that I may get in touch with said twins.

Thanking you for your part in this work, I am

Sincerely yours,

S. J. HOLMES.

University of California,  
Department of Zoölogy,  
4013 Life Sciences Building.

## CALIFORNIA HEALTH INSURANCE RACKETS

Reference to the Alameda County exposé of certain health insurance rackets was made in the March *CALIFORNIA AND WESTERN MEDICINE*, pages 196 and 216. Also in this issue, page 262.

What has been accomplished in Alameda County may be duplicated in other cities where similar or worse conditions exist. The following excerpts, taken from newspaper stories which have been printed in the last two months make interesting and instructive reading, and indicate along what lines steps to remedy some of these evils may be taken.

Excerpts follow:

From the San Francisco *Call-Bulletin*, February 4, 1934:

#### DEMAND STATE OUST HEALTH RACKETS

Demanding a statewide clean-up of "health insurance" rackets, Joseph Laney, foreman of the Alameda County grand jury, today appealed to Governor Rolph for state aid in conducting an investigation.

With nineteen men already under indictment, Laney charged that E. Forrest Mitchell, California insurance commissioner, has "dodged all attempts to have him clean up this situation."

Earl Warren, district attorney of Alameda County, heaped more fire on the commissioner, declaring that

Mitchell "defied deputy sheriffs who sought to serve him with a subpoena by telephone yesterday."

Mitchell could not be located for a statement.

In the appeal to Governor Rolph, Laney said that local investigation has shown the insurance racket is in operation throughout the state.

Mitchell, he declared positively, will be subpoenaed and "brought willy-nilly," before the grand jury at next Tuesday's session.

Indictments against the nineteen men charged with operating the giant insurance swindle were being considered by Superior Judge Fred V. Wood today.

Two indictments were returned against each person—the first of conspiracy to commit petty theft and conspiracy to violate the insurance laws, and the second of conspiracy to make false promises.

Harry Kramer, asserted leader of the group, and two reported confederates, E. L. Knotts and Harry Blank, are held in the Alameda County jail.

Kramer's bail was set at \$20,000 and that of Knotts and Blank at \$5,000 each.

The three charges are felonies, each punishable by two years' imprisonment, a \$5,000 fine or both.

The remaining sixteen indictments were placed in the secret file pending arrest of the persons indicted. Officers sought the others today, while Joseph Lang, jury foreman, announced that the grand jury will meet again on Tuesday to continue investigations.

The indictments were asked by District Attorney Warren against companies which have "worked" Alameda County. Warren turned over more than thirty complaints to the grand jury.

Warren has been advised by Dr. C. B. Pinkham, secretary-treasurer of the State Board of Medical Examiners, that 125 of these organizations are working out of San Francisco.

Complainants include physicians and hospitals who have rendered service to holders of policies on the strength of their insurance, to find it is impossible to collect fees.

Bookkeeping records in possession of the Alameda jury showed that one company had but \$140 in cash to meet the claims of 2,000 "policy" holders.

Testimony by a number of the alleged racket's victims revealed that more than \$12,800 was collected in the bay region alone last November, one woman testifying that the "agents" would take anything in payment, receiving from her \$1 down and a dozen eggs.

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From the San Francisco *Examiner*, February 24, 1934:

WARREN ASKS HEALTH RACKET PROBE BY UNITED STATES  
*Misuse of Mails Is Charged; Medical Profession Tells Plan for Non-Profit Associations*

Having obtained indictments against nineteen persons for alleged participation in the "health insurance racket" in Alameda County, District Attorney Earl Warren asked the Federal Government yesterday to proceed against "racketeers" in other sections of the state.

As he prepared evidence of improper use of the mails for Government investigation, the organized medical profession revealed plans for replacing fake health and accident associations with county-wide "mutuals" operated directly by physicians and recognized hospitals on a non-profit basis.

The Alameda County Medical Association, it was learned, has sponsored the Mutual Hospital Association, which is ready to inaugurate the new plan as soon as state laws are sufficiently clarified. The plan was explained by Dr. W. E. Mitchell, president of the newly formed association, in the following statement:

*"The approved hospitals of the East Bay, in cooperation with the County Medical Association, are studying a plan to render hospital service on a periodic payment plan. This includes a free choice of physicians and will not interfere with the personal relationship between patient and physician."*

The medical profession realizes that a demand exists for a plan, conducted on a non-profit basis, by which the person of moderate means can be assured of hospital service when needed. In the United States today there is no such plan in operation in which medical society and accredited hospitals cooperate on a county-wide basis. For this reason it was necessary to conduct exhaustive investigations into all phases of similar plans.

Dr. T. Henshaw Kelly of San Francisco, chairman of the Council of the California Medical Association, disclosed that county associations of San Francisco, Santa Clara, Sacramento and other counties are studying similar plans. Because the Alameda County plan has been most fully developed, other county associations are awaiting outcome of the trial in that county, he said. . . .

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From the San Francisco *Chronicle*, February 28, 1934:

HEALTH RACKET CHIEF ADMITS GUILT IN COURT

*Kramer to Be Sentenced to San Quentin on Saturday*

From his own lips thousands of Californians now know the man they trusted to take care of them in time of illness and accident was a swindler—that he stole their meager premiums without any intention of giving them service.

Harry Kramer, head of five alleged racketeering health insurance associations, pleaded guilty yesterday before Superior Judge Wood in Oakland on one count of an indictment charging conspiracy to commit theft.

Saturday he will be sentenced to serve from one to two years in San Quentin. At that time District Attorney Earl Warren will ask other counts, charging false promises and violation of the insurance laws, be dismissed.

The campaign against racketeering insurance companies was revealed exclusively in *The Chronicle* last week.

*E. L. Knotts, one of Kramer's salesmen, probably will plead guilty today on the same stipulation, his attorney, Frank Creely, said. Harry Blankenstein, another salesman, pleaded not guilty yesterday and will go to trial March 20. Sixteen other alleged agents of Kramer, all under indictment, still are fugitives.*

All concerned are alleged by District Attorney Warren to have been under Kramer's direction in the United Travelers' Underwriters, the Western Pacific Health Association, the California Farm Health Bureau, the Metropolitan Health Bureau and the California National Health Association.

State Insurance Commissioner E. Forrest Mitchell was questioned at length yesterday by the Alameda County grand jury as to how much he knew about the operations of racketeer health insurance organizations and how long he had known it.

Declaring he was amazed at the gravity and extent of the situation as presented before the grand jury, he promised a statewide clean-up of "health racket" companies and expressed the opinion his San Francisco deputies had shown "a lack of diligence in protecting the public."

*Two of those deputies, Siegfried Gundelfinger and Samuel Beckett, admitted their office had been flooded by complaints against the Kramer company, but no decisive action had been taken.*

It was brought out that in November, 1932, Frank Guarena, attorney for the insurance commissioner, submitted an opinion that Kramer and his associates were operating illegally.

A copy of this opinion was forwarded to Kramer with instructions to stop business. The instructions were ignored and no further action taken.

Postal inspectors here said they would drop investigation as to Kramer's possible misuse of the mails in as much as he must serve a state prison term.

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From the San Francisco *Call-Bulletin*, March 3, 1934:

INSURANCE MAN GETS TWO YEARS IN SAN QUENTIN

Two years in San Quentin and a fine of \$5,000 was the sentence given today to Harry Kramer, San Francisco insurance man, who pleaded guilty of conducting an "insurance racket" which bilked aged persons out of several hundred thousand dollars.

Kramer was sentenced by Superior Judge Fred V. Wood in Oakland.

Defense attorneys vainly tried to have the "brains of the insurance racket" given a county jail sentence in exchange for his guilty plea.

Investigation by District Attorney Earl Warren of Alameda County resulted in the arrest of Kramer and two of his "insurance salesmen," E. L. Knotts and Harry Blankenstein.

Sixteen others are being sought by Alameda and San Francisco police. All were indicted by the grand jury.

Knotts, who pleaded guilty at the same time as did Kramer, is also awaiting sentence. Blankenstein pleaded not guilty and is to go on trial March 20.

Police claim that Kramer and his salesmen operated from San Francisco and mulcted persons who were beyond the age limit for ordinary life insurance coverage.

Warren charged he failed to get the cooperation of the state insurance commissioner, E. Forrest Mitchell, during his investigation and that Mitchell ignored Warren's summons to come before the Alameda County grand jury.

Mitchell denied the charge and later appeared before the jury and testified against Kramer and his salesmen.

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From the San Francisco *Examiner*, March 3, 1934:

SECRET HEALTH RACKET PROBE REVEALED HERE

*Jury Inquiry Promised Into Charges \$350,000 Lost Each Month by 100,000 Persons*

A secret investigation into certain San Francisco health and hospital associations, said to have more than 100,000 subscribers who are being defrauded of \$350,000 a month, was revealed yesterday by Assistant District Attorney Leslie C. Gillen, head of the fraud bureau.

Gillen said citations would be issued soon against operators of certain allegedly fraudulent associations as a preliminary to possible grand jury action. Gillen said that from evidence in his hands he believes that few of the associations here are doing business on a legitimate basis.

*"These subscribers," he continued, "are making payments to these associations of \$1 to \$7 a month. We estimate that these subscribers are being defrauded of some \$350,000 a month."*

*"Certain of the health insurance and hospital associations here have been under a series of investigations by the district attorney's office and the State Board of Medical Examiners."*

Gillen said, further, that the complaints of several persons who have been making regular payments into some companies which they thought were providing health insurance and hospital service were heard at the Fraud Bureau yesterday. Complaints centering on two of these concerns, he added, have been selected to open the fight to "wipe them out."

As brought out in the charges here and in the East Bay indictments, certain of the associations are alleged to operate by selling health insurance and hospital service to the public without having the facilities to provide such benefits.

According to one story told to Gillen, a woman subscriber said the company to which she paid several dollars a month for more than three years failed to give her medical attention, as promised, when she became ill.

Dr. Charles B. Pinkham, secretary-treasurer of the State Board of Medical Examiners, described the situation in this way:

*"For years certain groups of promoters have been operating companies in San Francisco under various names, bilking the public without any supervision from local or state agencies."*

*"Because these racketeers have been able to avoid the supervision of the law, we have been unable to curb their activities. Finally, through the many complaints brought to my attention by disgruntled subscribers, I believe we have a weapon to fight them with."*

*"Contracts issued by certain of the companies and sold by high-pressure salesmen are so full of technicalities and loopholes that 80 per cent of the promises in the contract are repudiated."*

*"In many cases it is impossible for the subscriber to fix legal liability because of the constantly changing professional staffs of certain associations. Many doctors who have discovered the 'modus operandi' of this racket have refused to be associated with it."*

Gillen, who said the complaints now being studied range from misrepresentation by salesmen to malpractice by the so-called doctors of the associations under fire, declared:

*"It is unbelievable that any person, who desires to do so, can open a 'hospital association,' under existing conditions, sell thousands of contracts and then close up, leaving subscribers without legal protection."*

He cited some instances in which some of the associations apparently were absorbed by others, with the result that a subscriber continued to pay dues in ignorance of the "merger" and the fact that the absorbing concern had not assumed the provisions of the contracts issued by the original company.

*"Some of these companies are owned and operated by laymen," Doctor Pinkham added. "In many cases a non-medical person makes the physical examination of contractees and often prescribes medicine in cases of illness. This is in direct violation of the State Medical Act, though they frequently escape prosecution through legal technicalities."*

Doctor Pinkham cited one case in which a "doctor" who was extolled in a hospital association's advertising and contract matter, was convicted by the medical examiners following discovery that he had never studied medicine.

He charged further that many of the persons connected with some of the associations have been found to have criminal records, and that contracts have assertedly been sold on the representation that they were with legitimate, well known companies.

From the San Francisco *Chronicle*, March 6, 1934:

#### GEIGER SEEKS INFORMATION FOR TEST SUIT

*Mitchell Calls for Action Against Associations' Activities in Four New Counties*

Executing a sudden flank attack, Health Director J. C. Geiger yesterday issued an order designed to prevent health racketeers from abandoning their ill and disillusioned victims for the county to care for at the expense of taxpayers.

*It also contemplates recovery from health associations all money spent by the city in the hospitalization of their contract holders.*

"I have instructed the social service unit to ask each patient that comes into the San Francisco Hospital whether he has a policy in such an organization," said Doctor Geiger. "If he has one, the social service workers are to inquire into all of the particulars and report to me with a view toward my suing, in the name of the city, for full reimbursement for public funds expended."

Meantime the health director will search the files of the State Board of Medical Examiners and other sources for a strong instance of which he may make a test case in court, he said.

Meanwhile, State Insurance Commissioner E. Forrest Mitchell yesterday called upon district attorneys of San Mateo, Sonoma, Los Angeles, and San Bernardino Coun-

ties for action in connection with new complaints against alleged racketeering health associations.

To each, Commissioner Mitchell legally certified a number of complaints arising in his particular county and offered to furnish, for purposes of investigation and prosecution, all evidence in his possession.

Mitchell announced that he is also preparing to certify several San Francisco complaints to District Attorney Matthew Brady.

*Through Assistant District Attorney Leslie C. Gillen, in charge of fraud matters, Brady already has issued citations for executives of two local health organizations and for two doctors. They will appear before Gillen tomorrow afternoon to answer complaints of persons who allege misrepresentation or failure to render service.*

There are a number of companies still operating in San Francisco without a certificate of authority from the State Insurance Commission. Commissioner Mitchell will demand that these be prosecuted.

Prior to Attorney General Webb's recent ruling, placing all such companies under jurisdiction of the Insurance Commission, anyone who could get a little credit at the printers could go into the health association business, Gillen said.

Special Agent J. W. Davidson of the State Board of Medical Examiners said promoters had promised unbelievable benefits to contract holders, repudiated them in the fine type of the policies, collected all the money they could and either went out of business or changed the company name when victims' complaints became too numerous.

The State Board of Dental Examiners meantime is continuing its campaign for revocation of licenses of dentists allied with questionable health associations.

District Attorney Warren of Alameda County today will bring James Christian, fourth man arrested under the nineteen indictments passed by the Alameda County grand jury in the "health insurance racket probe," into Superior Court for arraignment.

*Simultaneously Harry Blankenstein, one of the three other men arrested, will have his arraignment before Superior Judge Frank Ogden.*

Christian told Assistant District Attorney Richard Chamberlain that he had nothing to conceal, and that he worked for a legitimate insurance company from December, 1932, to November, 1933.

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From the San Francisco *Examiner*, March 9, 1934:

#### TEST CASES ORDERED IN RACKET QUIZ

*Gillen to Interview Alameda "Master Mind" in Prison; Salesman Drows Eighty Days*

Under orders from District Attorney Matthew Brady, Leslie C. Gillen, assistant district attorney, yesterday was preparing to take court action against several San Francisco "health service" associations in the fight against the health insurance racket in San Francisco.

To test the status of these organizations, Gillen said, he will charge them with violating Section 435 of the Penal Code. This section makes it a misdemeanor for any business, requiring a license, to operate without such license.

*"That is the only procedure possible under the code," Gillen explained. "It rests with some other agency to take possible civil action, such as an injunction suit to restrain these concerns from doing business."*

Gillen announced he has also been ordered by Brady to make a trip to San Quentin prison and interview Frank Kramer, convicted "master mind" of the Alameda County racket. While being transferred to prison after pleading guilty, Kramer asserted he could inform authorities "how to stop the fraud at once."

Meanwhile, in Alameda County, another "racketeer" pleaded guilty. He is James Christian, former salesman for Kramer's concern. On a showing Christian entered Kramer's employ in the belief his company was legitimate, and quit when he learned it was crooked, Judge Fred V. Wood reduced the charge to a misdemeanor. He imposed a fine of \$400, which Christian was unable to pay.

Christian accepted eighty days in the county jail.

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From the San Francisco *Examiner*, March 15, 1934:

#### HEALTH RACKET DRIVE MAPPED

Definite plans for prosecuting racketeers in health and hospital insurance were completed yesterday at a conference between District Attorney Matthew Brady and Leslie Gillen, assistant.

*"We will ask the State Insurance Commission to swear out warrants at once for the operators of all such associations which have not obtained a license," said Gillen. "The statutes make it a misdemeanor to operate a business without a license when a license is required."*

*"The attorney general has ruled that these health and hospital associations are insurance companies, and must have a license from the Insurance Commission to operate."*

Approximately twelve such misdemeanor warrants will be asked, Gillen said. It is planned to charge two of the more flagrant operators with conspiracy, he added.